

# Pension Review Commission

September 14, 2021

Ron Baker, Executive Director

Amy C. McGarrity, Chief Investment Officer



# Public Employees' Retirement Association of Colorado (PERA)

## Defined Benefit Plan

Stable benefit payments to over 121,000 retired public employees

## Voluntary Investment Program

PERAPlus 401(k) and 457 Plans



## Defined Contribution Plan

Choice available to State and Local Government employees

## Health Benefits Program

Active and retired member coverage



# Governance



## **General Assembly (Per statute)**

Sets benefit and contribution structure including direct distribution amount. Provides oversight of PERA via the following committees: Legislative Audit, Joint Budget, Joint Finance, Pension Review Subcommittee and Pension Review Commission



## **Board of Trustees (Per statute)**

Oversees investments, benefits administration, sets and monitors actuarial assumptions



## **PERA Staff (PERA Governance Manual)**

Implements strategy and policy as well as serves as resource for Legislature and Board

# 2020 in Review



ASSETS UNDER MANAGEMENT (FNP)

**\$58 billion**

(DIVISION TRUST FUNDS)



NET RATE OF RETURN

**17.4%**



MEMBERS ACTIVELY CONTRIBUTING TO PERA

**200,858**



EMPLOYERS

**410**



TOTAL COVERED PARTICIPANTS  
(IN PERACARE HEALTH BENEFITS PROGRAM)

**59,794**



FUNDED STATUS

**62.8%**



RETIREES AND BENEFIT RECIPIENTS

**128,133**



ANNUAL RETIREMENT BENEFIT PAYMENTS

**\$4.8 billion**

(DIVISION TRUST FUNDS)



INVESTED IN COLORADO-BASED COMPANIES, PARTNERSHIPS, AND ASSETS

**\$808.4 million**



30-YEAR RATE OF RETURN

**9.1%**

(ANNUALIZED, GROSS-OF-FEES)



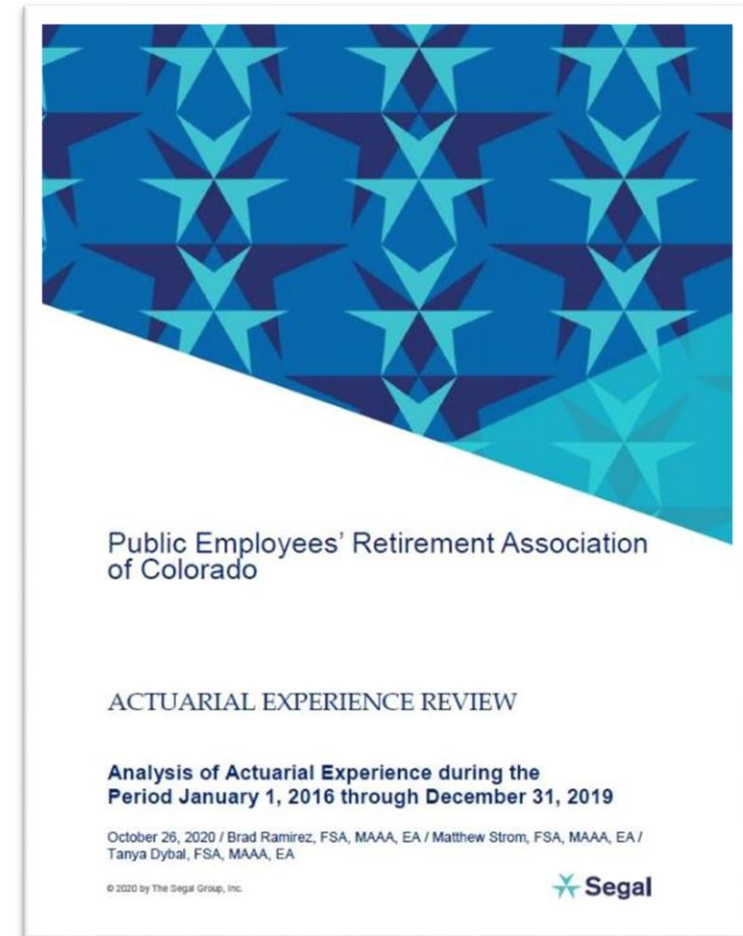
# Experience Study: Periodic and Comprehensive Review

## » Overview

- Purpose
- How assumptions are set
- Actuarial Assumptions: Economic and Demographic

## » Recent Board Action

- Adopted new assumptions
  - ✓ Mortality tables
  - ✓ Salary scale
  - ✓ Headcount growth



# Summary of Valuation Highlights

## » Actuarially Determined Contribution Rates

Trust Fund	December 31, 2020 (ADC for 2022)	December 31, 2019 (ADC for 2021)
State Division	23.45%	21.05%
School Division	24.54%	20.61%
Local Government Division	12.72%	10.84%
Judicial Division	15.56%	14.13%
DPS Division	9.25%	8.22%



## » Asset Return

- Market value of assets returned approximately 17.4% for the year ended December 31, 2020

## » Unfunded Actuarial Accrued Liability (UAAL)

- The actuarial accrued liability increased from \$78.2 billion (as of December 31, 2019) to \$83.3 billion (as of December 31, 2020)
- The UAAL increased from \$29.8 billion to \$31.0 billion. The \$1.2 billion results from:
  - » Increase of \$5.1 billion due to change in the AAL, \$3.1 billion of which is due to the adoption of revised actuarial assumptions
  - » Decrease of \$3.9 billion due to change in the AVA

# Membership – Active Pension

Item	State Division General	State Division Troopers	School Division	Local Government Division	Local Government Division State Troopers	Judicial Division	Denver Public Schools Division
<b>December 31, 2020:</b>							
Number	52,152	1,491	119,421	12,743	14	344	14,693
Average age	45.6	39.0	44.7	44.7	37.5	54.6	41.0
Average service	9.1	7.8	9.1	7.7	1.2	12.7	7.2
Average payroll	\$56,950	\$79,896	\$43,092	\$54,713	\$60,678	\$159,244	\$52,498
<b>December 31, 2019:</b>							
Number	54,380	872	128,938	13,086	N/A	339	15,679
Average age	45.4	42.1	44.6	44.0	N/A	55.3	40.8
Average service	8.7	12.7	8.4	7.5	N/A	13.1	6.6
Average payroll	\$53,542	\$96,170	\$39,588	\$52,047	N/A	\$157,603	\$46,959
<b>Change</b>							
Number	-4.1%	+71.0%	-7.4%	-2.6%	N/A	+1.5%	-6.3%
Average payroll	+6.4%	-16.9%	+8.9%	+5.1%	N/A	+1.0%	+11.8%

# PERA's Investment Program



INTERNAL AND EXTERNAL MANAGEMENT EXPENSES

**\$189.5 million**



ASSETS MANAGED IN-HOUSE BY PERA STAFF

**63%**



SAVINGS IN 2020 DUE TO INTERNAL INVESTMENT  
MANAGEMENT

**\$60 million**

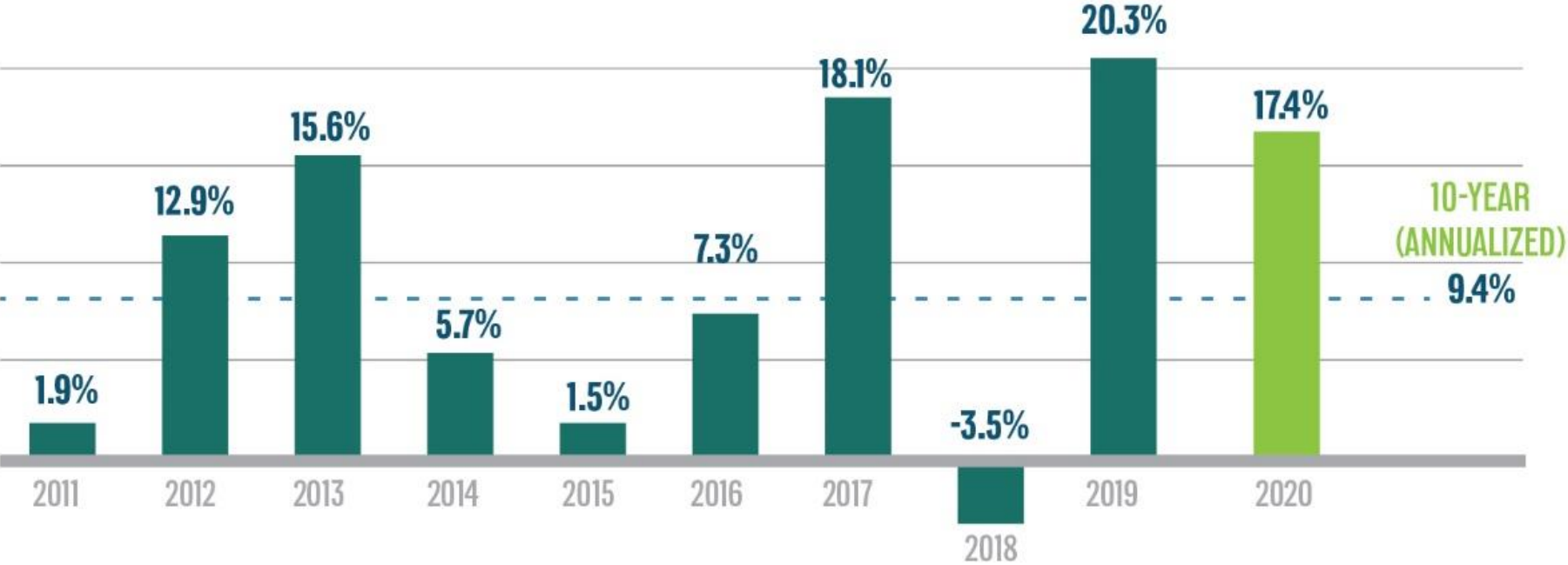


BASIS POINTS OF TOTAL ASSETS SPENT ON MANAGEMENT

**32.3**



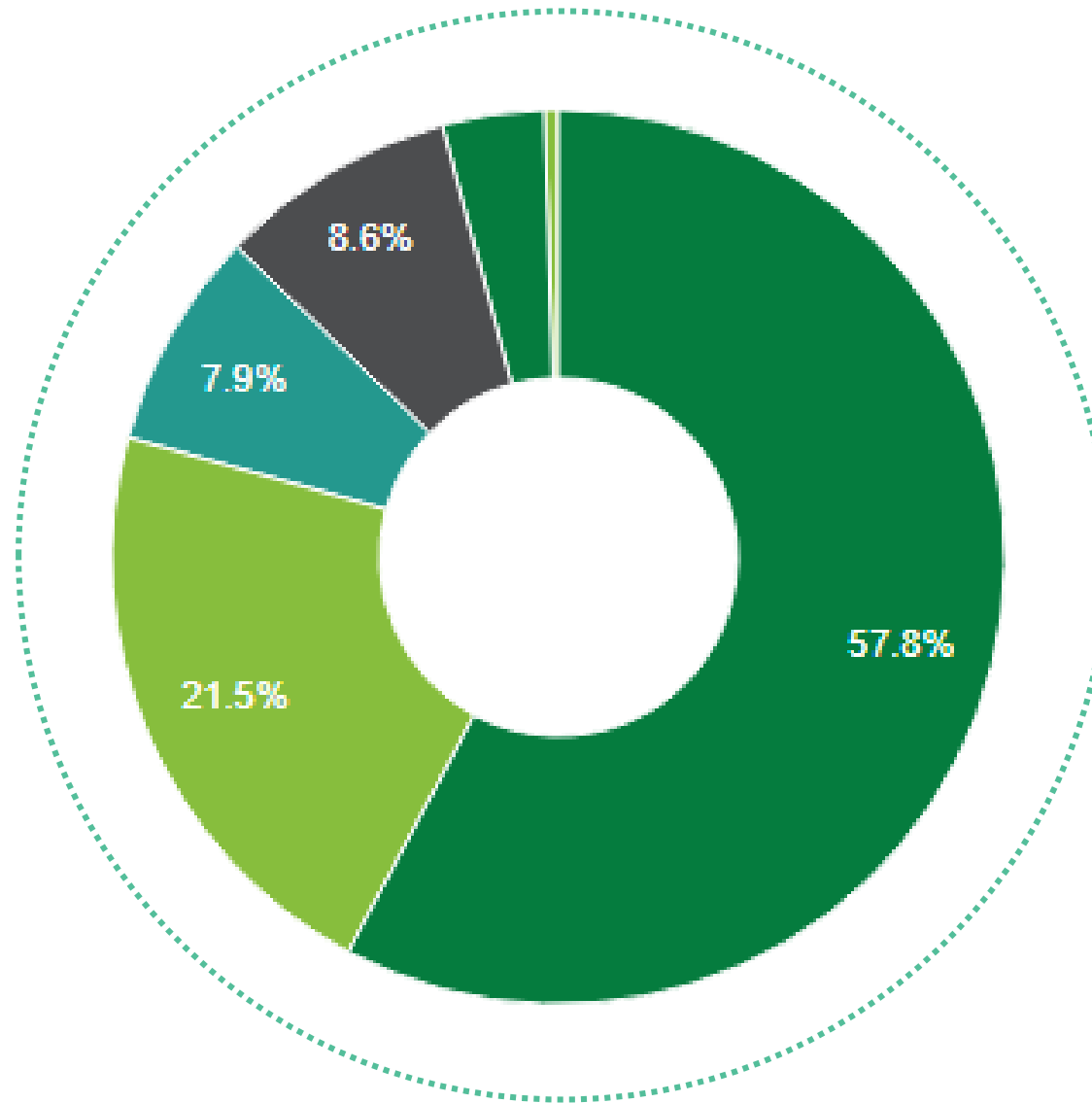
**RATE OF RETURN OVER 10 YEARS  
(NET-OF-FEES)**



**2020  
Investment  
Performance**

# PERA's Asset Allocation

As of December 31,  
2020



- Global Equity 57.8%
- Fixed Income 21.5%
- Private Equity 7.9%
- Real Estate 8.6%
- Alternatives 3.7%
- Cash 0.5%

# Automatic Adjustment Provision

New rates effective July 1, 2022

**PERA IS BEHIND SCHEDULE TO MEET ITS FUNDING GOAL**



The automatic adjustment provision is reviewed on an annual basis to help ensure the long-term stability of benefits today and in the future.

## Changes to Keep PERA Secure



	State, School, and DPS Divisions	Safety Officers	Local Government	Judicial Division (Excl. Denver County Judges)	Judicial Division (Denver County Judges)
Current (As of July 1, 2021)	10.50%	12.50%	8.50%	15.50%	10.50%
As of July 1, 2022	11.00%	13.00%	9.00%	11.00%	11.00%



The July 2022 AI paid to most eligible benefit recipients will be 1% (lowered by 0.25%).

# FUNDED STATUS

PROJECTED YEARS TO REACH FULL FUNDING  
AFTER THE AUTOMATIC ADJUSTMENT PROVISION  
TAKES EFFECT



# 2020 Financial Status

# Member Account Dashboard



[Account Home](#) [Explore](#) [Inbox](#) [My Profile](#)

Name: Rachel

No New Messages

Status: **Active Member** - PERA Membership began between July 1, 2005, and December 31, 2006

[Account Home](#)



Colorado PERA is pleased to announce an enhancement to make logging into our website even more secure--multifactor authentication. For more information or to use multifactor authentication, use the "Update User Profile" link under the "My Profile" menu and scroll to the "Multifactor Authentication" section.



Welcome to your new PERA member dashboard! We're continually improving to make things faster, easier, and more personalized so you get the most from your PERA benefits. Please send any feedback to [webmaster@copera.org](mailto:webmaster@copera.org).

Update My Profile

[Start Here](#)

View all Forms and Calculators

[Start Here](#)

Account Beneficiaries

[Start Here](#)

Schedule a Meeting or Appointment

[Start Here](#)

## Welcome, Rachel

This is your PERA Defined Benefit Plan. Your benefit will be based on [Table PERA 6](#).



Projected Monthly Benefit



Account Balance



Salary and Earned Service Credit

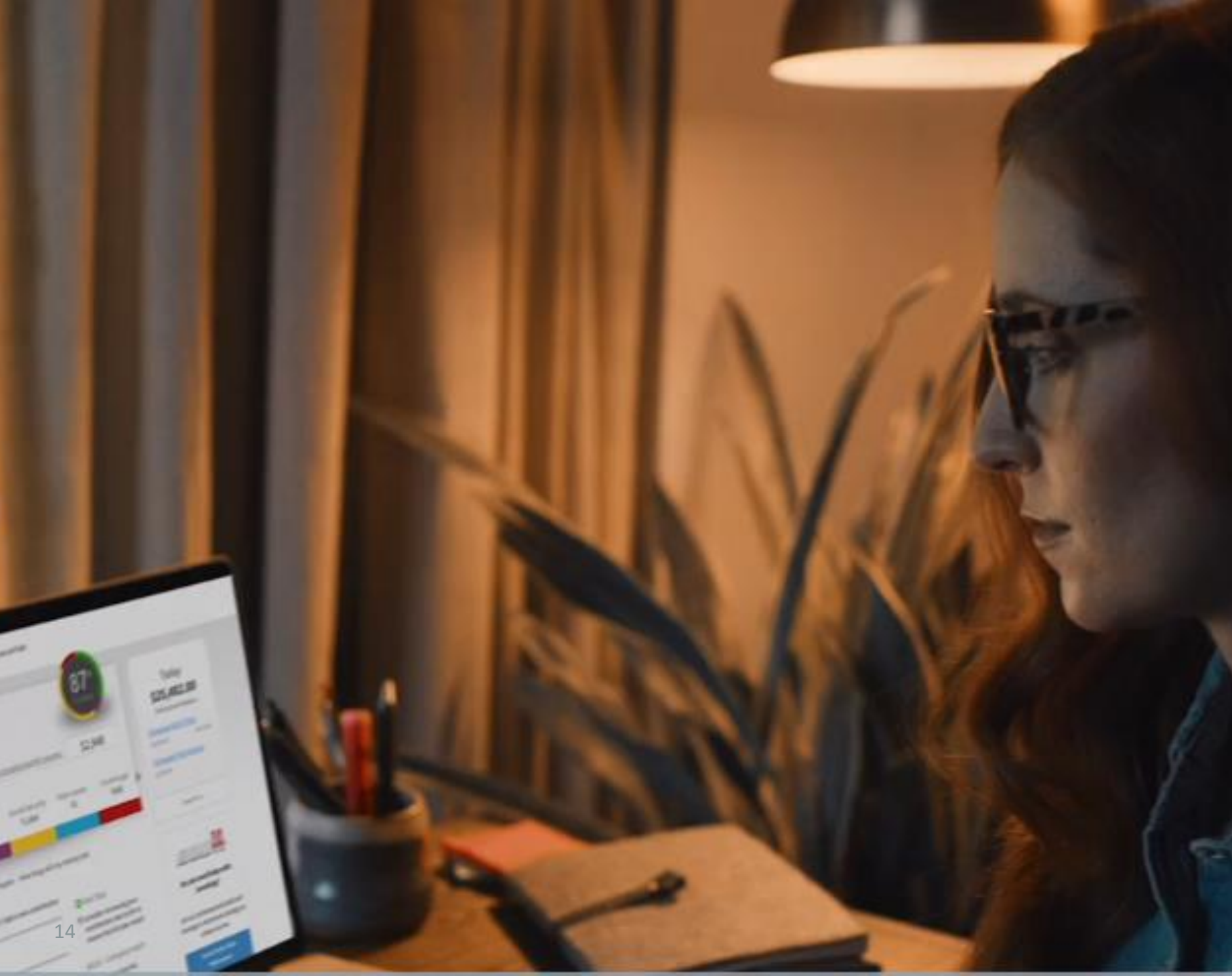


Estimated Highest Average Salary



PERA Plus / DC Plan Balances





## Transition to Empower



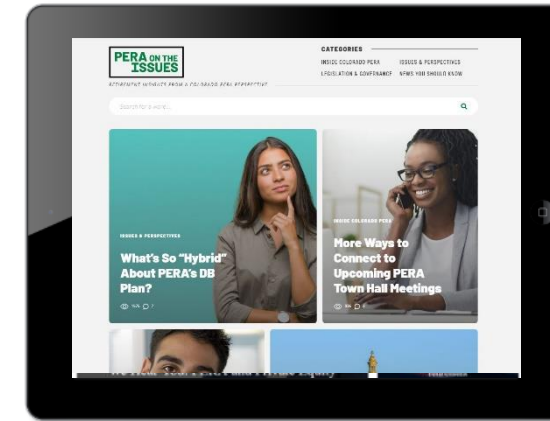


**PERACARE**

## Health Care for Retirees



**Website**  
[www.copera.org](http://www.copera.org)



**Retirement News**  
www.peraontheissues.com



**Twitter & Facebook**  
@coloradopera

**Call us at  
800-759-7372**